

**STATEMENT OF  
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OF THE  
DISABLED AMERICAN VETERANS  
BEFORE THE  
COMMITTEE ON VETERANS' AFFAIRS  
UNITED STATES HOUSE OF REPRESENTATIVES  
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Mr. Chairman and Members of the Committee:

Thank you for the opportunity to present the views of the Disabled American Veterans (DAV) on the final report of the President's Task Force To Improve Health Care Delivery For Our Nation's Veterans (Task Force or PTF).

As an organization of more than one million service-connected disabled veterans, DAV is concerned about the government's commitment to meet the health care needs of sick and disabled veterans through access to timely top quality medical care.

The Task Force was charged to identify ways to improve health care delivery to Department of Veterans Affairs (VA) and Department of Defense (DoD) beneficiaries through better coordination and improved business practices. The PTF's conclusions resulted in a series of 23 specific recommendations for action. Of most importance to DAV is the Task Force's recognition of a "growing dilemma" concerning VA health care. The PTF noted in its *Final Report* that, "...it became clear that there is a significant mismatch in VA between demand and available funding—an imbalance that not only impedes collaboration efforts with DoD but, if unresolved, will delay veterans' access to care and could threaten the quality of VA health care."

We are pleased that the PTF addressed the complex issue of a mismatch between demand for VA health care and available resources to meet that demand. We concur, in part, with the Task Force's findings and recommendation that the Federal Government should provide "full funding" to ensure that enrolled veterans in Priority Groups 1-7 (new) are provided the current comprehensive benefits in accordance with VA's established access standards by using a mandatory funding mechanism, or some other changes in the budget and appropriations process to achieve that goal. DAV, however, would apply the "full funding" approach to all enrolled veterans, not just group 1-7. For far too long, VA has had to cope with constrained resources even as it faced significantly increased demand for services and rising costs for medical care and pharmaceuticals. This Committee is well aware of the funding crisis VA health care is facing and its impact on sick and disabled veterans who depend on VA's specialized programs and services. In the years since open enrollment, VA has been forced to do more with less. Even though over the past two budget cycles Congress has increased discretionary appropriations for veterans health care, the funding levels have simply not kept pace with inflation or the significant increase in demand for services.

Secretary of Veterans Affairs Anthony J. Principi recently described the current state of veterans health care as “the perfect storm” gathering on the horizon. The best selling book, *The Perfect Storm* describes a rare metrological phenomena that occurred in 1991, when a cold front was building off Canada, a major tempest was brewing over the Great Lakes, and a hurricane developing near Bermuda collided and created one of the most devastating storms of the century trapping a small fishing boat working off the Grand Banks. The “storm systems” gathering over veterans health care are a dramatic increase in the number of veterans enrolling in the VA, skyrocketing medical costs, and decades of inadequate, inflation-eroded appropriations. Any one of these developments can be devastating in itself, but combined, spell disaster for the VA health care system and the thousands of veterans who rely on its specialized medical services and programs.

There is widespread agreement that the funding system, not the VA health care system, is in need of fundamental reform. The DAV, as part of *The Independent Budget*, supports a mandatory funding mechanism as a long-term solution to this problem. We are pleased with the recent introduction of the Assured Funding for Veterans Health Care Act of 2003 (H.R. 2318) by Lane Evans (D-IL), Ranking Democratic Member of the House Veterans’ Affairs Committee. This measure would require the Secretary of the Treasury to annually provide funding for the VA health care system based on the number of enrollees in the system and the consumer price index for hospital and related services. We fully support H.R. 2318 and wholeheartedly agree with Congressman Evans’ assessment that, “the price we pay as a Nation for assuring timely access to high-quality health care services is small in relation to the price we have asked [veterans] to pay in securing our freedom.”

The other proposal made by the Task Force to address the mismatch in demand for care and available resources is to form an impartial board of experts from outside VA to identify the level of funding required for veterans health care including a requirement that the amount determined must be included in the discretionary budget request. The recommendation also proposed that the budget submission be protected from the customary budget guidance provided the Office of Management and Budget (OMB). We understand, Mr. Chairman, that you are considering a legislative measure similar to this PTF proposal and look forward to its introduction.

Everyone agrees that the current budget process is not working and that our nation’s sick and disabled veterans deserve better than being asked to wait months or sometimes years for access to needed VA health care. We all agree the current situation is unacceptable. We see these proposals, of guaranteed full funding and an independent board, as two alternatives to VA’s funding problems. We do have concerns about the latter proposal in that it might be a real challenge to select a truly independent board—free from political pressures and the watchful eye of OMB. It is possible that some hybrid of the two proposals may be a viable option. More importantly, we believe this sets the stage for a much needed debate on the issue of the crisis in the level of funding for VA health care and a workable solution to that problem. Our nation’s sick and disabled veterans cannot wait any longer for the government to take action. Now is the perfect opportunity to move forward and resolve this untenable situation.

We too share the Task Force's vision of a veterans health care system that is no longer impaired by the mismatch between resources and demand for care. Therefore, it is essential that some type of practicable guaranteed funding measure be enacted this year to ensure that all eligible veterans—including those injured in Operation Iraqi Freedom and the war on Terror—have access to timely, quality health care now and in the future. We believe that guaranteed funding will close the gap identified by the Task Force between funding and demand for veterans health care. Anything short of guaranteed funding is unlikely to fully resolve the crisis. And like the tiny Andrea Gail caught in open waters, unable to weather the destructive forces bearing down on her, America's sick and disabled veterans may not survive the perfect storm that threatens the VA health care system.

We were however, disturbed by the statements made by the co-chair of Task Force, Gail R. Wilensky, Ph. D, during her testimony before this Committee on June 3, regarding the mismatch identified by the Task Force between VA demand and resources. Dr. Wilensky testified that, "although there has been a historical gap between demand for VA care and the funding available in any given year to meet that demand, the current mismatch is far greater...and its impact potentially far more detrimental." Yet later on in the hearing, she asserted that President Bush's fiscal year 2004 budget fully funds veterans' health care. The Task Force report and Dr. Wilensky's statement about the President's budget don't match up. The Administration's budget falls short of "full funding" and would do little to solve the current veterans health care crisis. We have hundreds of thousand of sick and disabled veterans who are enrolled in the VA system but must wait in excess of six months to get care. Hundreds of thousands more have been turned away, unable to enroll because the VA does not have the resources it needs to treat them. Dr. Wilensky's statement is confounding as it is incredible given the current situation veterans are facing.

The Task Force report noted that the discretionary appropriations process has been a major contributor to the historic mismatch between available funding and demand for health care services. Clearly, to improve timely access to health care for our nation's sick and disabled veterans, the federal budget and appropriations process must be modified to ensure full funding for the veterans health care system. Until we can achieve a comprehensive long-term solution to this funding problem, DAV believes Congress needs to appropriate, at a minimum, \$27.2 billion for VA health care for fiscal year 2004 to meet the needs of the nearly 5 million veterans expected to use VA services this year. The long-term solution must factor in how much it will cost to care for each veteran enrolled in the system and a guarantee that the full amount determined will be available to the VA to meet that need.

Two other key issues identified by the Task Force are VA's accountability for meeting its own access standards for timely care and the present uncertain access status and funding of Priority Group 8 veterans (veterans with non compensable 0% service-connected disabilities or nonservice-connected veterans with income and/or net worth above the VA means test threshold and the HUD geographic index.)

We agree that veterans must have access to timely health care and that VA must be held accountable for meeting their own access standards. We believe, however, that VA must have guaranteed full funding for all priority groups to meet this requirement. The Task Force

recommended that VA be held accountable for meeting its established access standards and when appointments cannot be offered within the standard, the Department should be required to offer an enrolled veteran an appointment with a non-VA provider. We are concerned about the precedent this sets in that VA would have to contract out for care if access standards cannot be met. If given proper funding, VA should be held accountable for meeting demand in a timely manner and only as a last resort would we want care to be contracted out. In theory, if VA receives a sufficient appropriation, it should be able to plan for the appropriate number of staff necessary to provide veterans care within VA facilities. As the Task Force pointed out, while mandatory funding does not guarantee access, it would likely eliminate a major impediment to providing access in a timely manner—unpredictable or subjectively developed budget requests.

We agree with the PTF's assessment that this increased demand has resulted in many of VA's traditional constituency—veterans with service-connected disabilities and indigent veterans—being unable to obtain health care within VA's established access time frames. Calling this situation “unacceptable” the Task Force recommends full funding for only Priority Groups 1-7 to meet demand and suggests the Congress and the President must “resolve the status of Priority Group 8 veterans.”

As the Task Force found out through its deliberations, this remains a complex and controversial issue. DAV believes guaranteed funding should be provided for *all* enrolled veterans. Including Priority Group 8 veterans under a guaranteed funding mechanism is essential to ensuring viability of the system for its core users, preserving VA's specialized programs, and maintaining cost effectiveness. However, for years, VA continued to enroll veterans without adequate resources to treat them in a timely manner—hence the eventual rationing of care and unreasonably long waiting lists for access to care that we see today. We ask: Why should there only be an appropriation for veterans in Priority Groups 1-7 instead of all veterans enrolled for care by VA to date?

We believe that once VA enrolls a veteran for care there is a reasonable expectation that he or she will receive the full range of health care services available in VA's comprehensive benefits package. Since the VA accepted the currently enrolled veterans into the system, we believe VA has an obligation to provide them timely top quality health care and that Congress has an obligation to ensure that VA is provided sufficient funding to carry out that mission. The real problem, as the PTF aptly states in its report, is that, “the Federal Government has been more ambitious in authorizing veteran access to health care than it has been in providing the funding necessary to match declared intentions.”

The PTF noted that under the Eligibility Reform Act, when annual funding is not sufficient for VA to furnish the established benefit to all veterans within access guidelines it has established for itself, the Secretary has authority to decide on an annual basis whether VA will continue offering enrollment to veterans in all priority groups. VA's authority to limit enrollment was intended as an equalizing mechanism to avoid a mismatch between funding and resources. Yet, until recently, despite years of inadequate health care funding VA elected to keep enrollment open for all priority groups. Secretary Principi's decision to stop enrollment for new Priority Group 8 veterans this year confirmed that the level of resources was not sufficient to continue open enrollment.

The alternate version proposed in the PTF's final report regarding the Priority Group 8 dilemma, suggested a variety of ways for VA to increase revenues to pay for this group of veterans. One recommendation was that VA would be authorized as a Medicare provider for Priority Group 8 veterans and be permitted to bill and retain reimbursements from Medicare for the treatment of nonservice-connected conditions.

In the past, we have been supportive of Medicare reimbursement as described above. Unfortunately, the Centers for Medicare and Medicaid Services (CMS) have been unwilling to consider this option and it is questionable, regardless if a contract was developed, if VA would be able to fulfill all the necessary requirements to collect on care provided to Medicare-eligible veterans. Even using the combination of other collection alternatives proposed, it is unclear if VA would receive sufficient funding to fully cover the cost of Priority Group 8 veterans' care. For these reasons, we believe that guaranteed full funding for all enrolled veterans is the most comprehensive solution to resolve this complex funding problem.

In general, we agree with the findings and recommendations of the PTF. The Task Force focused on collaboration between VA and DoD as a key component to improving access to quality health care and the need to hold senior leadership in both Departments accountable for outcomes. The PTF suggested that VA and DoD leaders need to send a clear message about the expected end state of collaboration and sharing and aggressive action must be taken to remove barriers to collaboration. The Task force also noted the need to create a seamless transition from military service to veteran or retiree status. We concur with the PTF's findings that there is a need for improving information sharing between the Departments, especially information relevant to a servicemember's deployments, occupational exposures, and health conditions. This data should follow a service member through his or her military career and be readily available to VA upon separation from the military. The PTF suggested expanded collaboration in order to identify, collect, and maintain specific data needed by both Departments to recognize, treat, and prevent illness and injury resulting from occupational exposures and hazards while serving in the Armed Forces. Clearly, standardization and compatibility of information systems and medical records between VA and DoD will provide lasting improvements in health care delivery to veterans. We agree that these improvements are necessary and essential to ensure the health and safety of our troops.

The Task Force concluded that, "our nation's commitment to those who have served should not waiver. Improving health care delivery to our nation's veterans will require action by the President, Congress, VA and DoD." As the Task Force pointed out a number of commissions, advisory panels, and government study groups have convened since 1991 and looked at many of the same issues addressed in its final report. These findings are well known and well documented. They are issues this Committee and the veterans service organizations (VSOs) have been trying to resolve for years. This past year DAV and the other major VSOs have been pressing Congress to take action on what the PTF considered one of its major recommendations—full funding for VA health care to ensure enrolled veterans are provided comprehensive benefits, according to VA's established access standards. Our nation's sick and disabled veterans should not have to wait any longer. The important question is: Is this

Administration and this Congress willing to make our nation's veterans a top priority and resolve this untenable funding situation as recommended by the President's Task Force?

For the sake of our nation's sick and disabled veterans, I hope that our government is willing to make veterans a top priority and resolve the funding situation for VA health care.